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Trust Receipts: The Variations in Their Legal Status (Book Review)

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worthy of particular attention because of its importance in the field of contractor's bond, and it is gratifying to note that a series of excellent cases on the subject have been included. Particularly helpful are the text materials included as an introduction to each topic. By emphasizing the most important matters covered in the cases, the text materials insure a continuity of organization and content which would not otherwise be possible.

The property security sections are essentially a re-editing and modernizing of the materials of Professor Maloney's prior works on the law of mortgages. The cases chosen are particularly excellent in illustrating the historical evolutionary pattern of the law, and the wealth of modern statutory material serves admirably to supplement the historical pattern and place the more recent cases in clear perspective. Numerous problems further serve to focus the student's attention on critical issues. An interesting series of practical suggestions for lawyers engaged in security work has also been included, together with a number of mortgage forms likely to be encountered in practice. This serves to integrate the practical and theoretical aspects, and may well provide a background which will be appreciated by students when they commence the practice of law. Too often the young lawyer finds himself with little or no practical foundation, and it is only through such methods that the difficulty will be overcome.

The reviewer has been employing this volume in several classes and has found it an excellent instrument for portraying the lights and shadows of the complex security transaction. Complete and scholarly, yet straightforward and realistic in approach, it makes an important contribution to the tools of pedagogy.

CHARLES M. SPARACIO.*

TRUST RECEIPTS: THE VARIATIONS IN THEIR LEGAL STATUS. By George B. McGowan. New York: The Ronald Press, 1947. Pp. viii, 165, index. \$4.00.

There has been surprisingly little written on Trust Receipts, considering their importance. As Mr. McGowan says: "Not only does the trust receipt stand behind practically every dollar's worth of bankers' acceptances involving purchases of imported and domestic goods, but also, since 1920, practically the entire wholesale automobile business of the United States has been financed by its use."¹ and "The keen interest in foreign trade which we see all around us at present will inevitably result in a tremendous demand for acceptance financing coupled with trust receipt accommodation."² At another place Mr. McGowan writes: "The trust receipt, when properly employed, fulfills a

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¹ P. 10.

² P. 164.

commercial need to which no other title retention instrument is so admirably suited." ³ Already legislation in reference to trust receipts has been adapted by twenty-five states.

Mr. McGowan is peculiarly qualified to write on this subject because he is both a banker and has had legal training. As vice-president of the Corn Exchange Bank Trust Company of New York, he is familiar with the uses of trust receipts in the world of trade and finance. With his knowledge of the law he is able to explain the trust receipt transaction to lay business men consistently with the attitude of the courts on the subject. Furthermore he is able to explain the provisions of one of the most difficult of statutes to read and understand. His book is full of sound practical advice drawn from years of actual experience with the subject and from his study of law. This reviewer heartily agrees with Mr. McGowan when he writes: "The trust receipt transaction involves one of the most complex of present-day legal relationships." ⁴ Yet Mr. McGowan has clearly explained its variations in use to laymen in their own language.

The chapter on "Origin and Evolution" is most enlightening, for one thing, in showing how courts have had an ear open for the needs of business in this changing economic era. In the chapter following the author analyzes the Uniform Trust Receipts Act, section by section, giving practical examples of their operation. However, no explanation could be safely relied upon, without showing how these sections have been construed by the courts in actual cases. This is admirably done in a chapter entitled: "Decisions After 1934."

The book is of most value to bankers, importers, exporters and those dealing in durable goods, who seek financial aid in acquiring their stock in trade. Lawyers, whose clients are engaged in such activities, will find the book a decided help in advising clients about the proper use of trust receipts in their particular problems. Law school students who wish to make research in this subject beyond the very limited time given in most law schools to instruction on these matters will find this book a great aid.

Although as a banker Mr. McGowan would naturally be expected to heartily endorse those provisions of the Uniform Trust Receipts Law which favor "entrusters," it is refreshing to discover that his treatment of the subject is impartial and unbiased and with commendable frankness he points out several instances in which in his opinion the Law is too favorable to entrusters.

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³ P. 153.

⁴ P. 131.

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